

FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

May 14, 2003

In Reply Refer To:  
Southern Star Central Gas Pipeline, Inc.  
Docket Nos. RP03-339-000 and 001

Southern Star Central Gas Pipeline, Inc.  
3800 Frederica Road  
Owensboro, KY 42304

Attention: Mr. David N. Roberts

Reference: Removal of Five-Year Matching Cap for Right-of-First-Refusal

Dear Mr. Roberts:

1. On April 11, 2003, Southern Star Central Gas Pipeline, Inc., (Southern Star) filed a First Revised Sheet No. 214 to its FERC Gas Tariff, Original Volume No. 1, to eliminate the five-year matching cap from its right-of-first-refusal (ROFR) provisions. On April 30, 2003, Southern Star filed an amended First Revised Sheet No. 214, in Docket No. RP03-339-001, to make a non-substantive administrative correction. Southern Star eliminates its five-year ROFR matching cap to conform to the Commission's Order on Remand,<sup>1</sup> issued in Docket No. RM98-10-011. Southern Star also clarifies in Section 6.1 of its General Terms and Conditions that ROFR provisions apply to contracts at maximum rates with terms of 12 or more consecutive service months. Southern Star requests the amended revised tariff sheet become effective May 15, 2003.

2. We grant waiver of the notice period, and accept Southern Star's amended First Revised Sheet No. 214, filed on April 30, 2003, effective as proposed. We will remove Southern Star's original First Revised Sheet No. 214, filed on April 11, 2003, from our electronic tariff system. This acceptance benefits the public by implementing ROFR provisions consistent with Commission policy.

3. BP Energy Company and BP America Production Company (BP) filed comments, contending that Southern Star should retain a ROFR matching cap to ensure that shippers do not bid for unrealistically long service periods to retain capacity or to win newly available

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<sup>1</sup>101 FERC ¶ 61,127 (2002).

capacity. BP recommends that Southern Star adopt a ten-year ROFR bid cap to reflect the actual demand for capacity. The Commission eliminated the ROFR matching cap in its Order On Remand<sup>2</sup> because it: (1) fostered an imbalance of risks between pipelines and existing customers; (2) adversely affected the efficient allocation of capacity; and, (3) provided a disincentive for existing shippers to enter into contracts of more than five years, resulting in a bias towards short-term contracts. For these reasons, we reject BP's recommendation to retain the ROFR matching cap.

4. Notices of intervention and unopposed timely filed motions to intervene are granted pursuant to the operation of Rule 214 of the Commission's Rules of Practice and Procedure (18 CFR § 385.214). Pursuant to Rule 214, all timely filed motions to intervene are granted and any motions filed to intervene filed out-of-time before the issuance of this order are granted. Granting late intervention at this stage of the proceedings will not disrupt the proceeding or place undue additional burden on existing parties. No protests were filed.

By direction of the Commission.

Magalie R. Salas,  
Secretary.

cc: All Parties

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<sup>2</sup>Id. at 61,521-523.